DOCUMENT RESUME

ED 217 943 JC 820 319

TITLE	The Portable HRD [Human Resources Development] Yesterday and Today.
INSTITUTION	MDC, Inc., Chapel Hill, N.C.
SPONS AGENCY	North Carolina Governor's Office, Raleigh.
PUB DATE	Mar 82
NOTE	23p.; For a related document, see JC 820 318.
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Community Colleges; *Educational Benefits; Educational Finance; *Employment Programs; Followup Studies; *Labor Force Development; *Labor Force Nonparticipants; Participant Satisfaction; *Program Effectiveness; Program Evaluation; State Programs; Two Year Colleges
IDENTIFIERS	*Human Resources Development Program NC; *North Carolina

ABSTRACT

A summary is presented of a statistical and documentary study of the Human Resources Development (HRD) program in the North Carolina community college system. First, an outline is provided of the changes in the HRD program since its inception in 1966, the constituencies it serves, and its goals of recruiting chronically unemployed individuals, providing remedial education and motivation training, and offering follow-up advice and assistance. The paper then explains program outcome measures and allocations formulas, based on, among other factors, an Efficiency Index, which awards triple credit for reducing welfare dependency. Next, the paper reviews a study of program results over a five-year period (1976-77 through 1980-81), a survey of a group of participants over a three-year period (1978-79 through 1980-81), and a comparison of this participant group with a similarly disadvantaged group of Comprehensive Employment and Training Act (CETA) program participants. The following sections present highlights of these studies in terms of participants' earning increases, additional training received, participants' evaluation of the program, potential deferred benefits, and program improvements. Next, recommendations for further program changes at the state and local levels are made. Discussions of the future of HRD, the relationship between the program and host colleges, and the fiscal implications of HRD for the colleges conclude the paper. (HB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED217943

THE PORTABLE HRD YESTERDAY AND TODAY

A summary of a final report based on a statistical and documentary study of the Human Resources Development program in the North Carolina community college system, 1970-82...

... Including a discussion of a means of using a cost-effectiveness formula to help determine allocation levels for individual programs.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Linda B. Lindsey

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☒ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

JC 820 319

MDC, Inc.
March 1982

This study was made possible through funding from the Governor's Special Grant, CETA, Division of Employment and Training

THE PORTABLE HRD YESTERDAY AND TODAY

The Way HRD Works

> "It really helps. It helps everyone in it. It helps you get to know people better and it helps you get a job."
> HRD participant

What can be done in a relatively short time to help a chronically unemployed individual get a job and become a productive member of society? That is the question the Human Resources Development program tried to answer when it began as a storefront experiment in Greensboro, North Carolina, in 1968, and it is the question HRD tries to answer today as an established program in 45 of the state's 58 community colleges and technical institutes. It is a question especially important to answer well now, with unemployment rising and the resources for combating that rise shrinking.

In the years since it began, HRD itself has changed. The full report details the many kinds of changes that have taken place as the program entered the community college system and as individual institutions adapted it to their particular needs. Since 1970, HRD has been a state-supported program; it receives a current annual appropriation of $2.6 million and it utilizes federal funds mainly for stipends. It continues to serve minorities (58.8 percent), and it increasingly serves women (73.2 percent) and public assistance recipients (39.1 percent). Its format varies from institution to institution. It runs six weeks

here, ten weeks there; pays stipends here, none there; connects with programs to provide a high school equivalency degree here, and not there. Overall it tends to link up with more advanced training more than it did at first, and that is largely to the good. Overall it may have lost a little of its involvement with the private sector over the years, and that is not so good.

But the changes in HRD are not as surprising -- or as important -- as the ways in which the program has held steadfast to its original purpose. It recruits, assesses, and enrolls chronically unemployed individuals; it provides them with short-term remedial education and motivational training with a heavy emphasis on job-gaining and job-holding skills; and it follows up on them after program completion for a full year to offer job- or training-related advice and assistance, and to collect data on which each individual institution's next annual appropriation will be based.

That last aspect of HRD, developed during the pilot project in 1968, is crucial. Each individual program collects extensive annual "before-and-after" data from participants, measures gains in terms of earnings increases and public assistance reductions, and receives funds on the basis of how well it competes with the other HRD programs. HRD is one of the few social programs in the country that lives by the rule of cost effectiveness. It is surely the job training program that has done so the longest.

The Efficiency Index -- the measurement used by the system as one determining factor in allocations -- is designed to reward programs

for achieving socially desirable goals.[1/] HRD programs succeed as they recruit the most disadvantaged individuals, motivate them to seek employment, and help them move either directly to good jobs or to training preparing them for good jobs. The allocation formula awards triple credit for reducing welfare dependency through finding full-time employment for former public assistance recipients.

The EI is not perfect, and the full report suggests a number of improvements in the way it is used. But it has unquestionably held the HRD program to its original goals over the years, and it also provides a means of assessing overall program performance year by year. In truth, the year-long study of the program leading to the final report would not have been possible without the rich data base on program and participant performance the EI has generated.

With that information, MDC, a private nonprofit corporation involved in employment policy research, was able to design a study that compared program results over a five-year period (1976-77/1980-81), looked at a group of participants over a three-year period (1978-79/1980-81), and compared their progress with a similarly disadvantaged

---

[1/] The ("real" or "unadjusted") Efficiency Index is computed by adding net gains in the annual earnings of participants to net decreases in the annual public assistance receipts of participants and dividing by program costs:

$$EI = \frac{\text{earnings increase + public assistance decrease}}{\text{program costs}}$$

The ("weighted" or "funding") EI which gives extra credit for public assistance reductions governs actual distribution of one-third of the annual HRD appropriation:

$$\text{Weighted EI} = \frac{\text{earnings increase + (3) public assistance decrease}}{\text{program costs}}$$

group of CETA participants involved in a comparable program during that same time.

The study methodology utilized data from the North Carolina Department of Community Colleges (DCC) for the program comparisons and for participant information. Those data were then combined with information from Unemployment Insurance tapes of the North Carolina Employment Security Commission so that, by use of social security numbers, the groups of former HRD and CETA participants could be tracked, and the earnings gains of the two groups could be compared.

MDC also mailed questionnaires to a subset of the HRD sample group to collect more detailed information, including the respondents' three-year perspective on their experiences with HRD. Then, MDC staff members conducted in-depth interviews with a smaller subset of former HRD participants to provide a personal context in which the other findings could be placed.

The year-long process of data gathering and analysis resulted in a 242-page final report which this summary will highlight.

Participants' Earnings Increase

"I'd be in a restaurant or dime store if it wasn't for HRD."
HRD participant

Viewed as a group over the five program years involved in the study, HRD participants have experienced modest, but increasing, earnings gains in the year after completing training.

- Average annual earnings increased from $943.47 before training in 1976-77 to $1,752.95 the year afterwards.

- Average annual earnings increased from $1,179.04 before training in 1980-81 to $2,440.76 the year afterwards.
- The increase in post-training earnings gains over the five-year period came to 50.5 percent (reduced by a standard deflation factor to 12.1 percent). Another way of looking at that is that the percentage of increase in the year after training was 83.7 percent for 1976-77 and 100.8 percent for 1980-81.

One year after completing HRD, then, the average participant had improved his or her economic situation, but was still well below the official government standard of poverty-level income (which was $3,790 for an individual in 1980). The participant earnings figures, of course, include data on participants who remained unemployed and on welfare, so that they tend to understate the gains made by those who were employed.

Three years after completing HRD, the average participant appeared to be almost out of poverty, or at least had earnings which approached the official standard of poverty-level income. The three-year tracking of HRD participants in a sample taken from the class of 1978-79 indicated average earnings in 1980-81 of $3,476. That represented:

- An increase of 98.3 percent over the average post-training earnings of the class of 1978-79 one year later.
- An increase of 42.4 percent over the average post-training earnings of the class of 1980-81 one year later.

It should be noted that earnings gains cannot be attributed solely to the effects of the HRD program. To make that claim, the program would have had to establish control groups of similarly disadvantaged individuals who did not receive HRD -- a very costly procedure.

In the absence of a control group methodology, the current study established a comparison group consisting of similarly disadvantaged individuals who had been through a CETA Adult Basic Education program in 1978-79. Although the HRD group was more disadvantaged than the CETA group in terms of pre-training income, it experienced higher post-program earnings gains. In three years, it had pulled itself up to virtually the same level of income as the CETA group.

- Over the three-year period, the HRD participants experienced average earnings gains of $1,721.78, compared to $1,382.98 for the CETA group.
- Estimated CETA costs per job placement were $2,130, compared with $1,271 for HRD.

Additional Training After HRD

"HRD motivates them to do more than they know how to do."
HRD instructor

The three-year survey questionnaire also revealed other interesting bits of information about the sample of HRD participants:

- Slightly over one-half (50.5 percent) were working; that compares with a 35.4 percent employment rate at the time of program exit.

- 69.8 percent of those working at the time of their one-year follow-up were still employed in 1981.
- Over half (57.9 percent) of those working had been in the same job for more than a year.
- Of those not working, almost half either were in training (11.1 percent) or considered themselves out of the labor force (36 percent). Fewer than half (47.2 percent) of those not employed were looking for work. The remaining small group (5.6 percent) said that they had given up looking for work.

Earnings levels were evidently kept down by the number of respondents working in low-paying jobs. The biggest group (20.6 percent) were in clerical or sales work, while 19.3 percent were in service occupations (two out of five in restaurant work) and 18.9 percent were in machine trades (four out of five in textiles).

Perhaps the most interesting aspects of the survey results centered on tensions set up between the need to work -- even at low-paying jobs -- and the desire to be trained for better-paying jobs. Responses indicated clearly that participants were well aware of their needs for further training to get jobs above entry-level wages.

- More than half of the group had entered some kind of training in the three years since HRD.
- 25.7 percent had enrolled in some kind of course or class in the community college system.
- 24 percent said that they had earned their high school equivalency diplomas after finishing HRD.

The study suggests that the HRD participant who opts for further training at some point after completion may soon recover the immediate earnings loss caused by that decision. A comparison between the group placed immediately in jobs after HRD and the group placed in further training is instructive:

- The group placed in jobs showed an annual earnings gain of $2,670.67 in the year after placement, while the group placed in training gained only $274.60.
- But three years after completion, the training group had caught up with and passed the job-placed group. At that point, the training group's earnings gains were 15.0 percent higher than those of the job-placed group.

Unfortunately, the tendency to try to move completers into further training works against the individual programs in terms of annual allocations. The EI credits vocational training placements only at the rate of minimum wage times the hours in training, and it gives no credit at all for GED training or for training in other academic tracks.

The Benefits May Lie Ahead

> "I'm not working right now but at last -- just last week -- I got my GED."
>
> HRD participant

The study suggests that many of the participants saw HRD's major benefits as deferred. There seemed to be little direct relationship between the strong feelings of affirmation participants expressed for

HRD and their present employment status. Participants talked about HRD's benefits in terms of their lives as a whole, not exclusively -- and often not at all -- in terms of direct benefit to them with respect to jobs.

The mail survey which drew responses from 442 participants in the 1978-79 program turned up a high degree of approval for HRD. Eighty-two percent of the respondents said that the program was either "excellent" or "good." They ranked it highest for its help to them in "working with others and developing good work habits;" next highest in "developing self-awareness and understanding;" and, just below that, in "helping to find a job."

The in-depth interviews with a subset of 61 participants who had been out of the program three years or more confirmed the questionnaire results and suggested two other typical patterns of behavior for participants after training.

- Many of them maintained close contact with the program for years after completion, calling their program coordinator or some other individual in the program for further help in getting a job or simply with news.
- Many went out of their way to involve members of their family -- sisters, brothers, sons, daughters, even fathers and mothers -- in taking HRD.

The Program Is Improving, Too

> "HRD hasn't changed that much. I'm really happy with what it's doing. But jobs are so hard to find now... Times are hard and we're feeling it and the graduates are feeling it too."
>
> HRD job developer

By all major standards applied in the study, the HRD program, itself, has improved over the past five years. It is serving somewhat fewer participants (4,633 in 1980-81, down from 5,418 in 1976-77), but it has improved both its completion and job placement rates. Job placements as a percentage of enrollments -- a generally reliable measurement of program improvement -- have increased by 32.6 percent.

Program costs have been reduced as earnings gains have increased. The decline in costs per placement is in part a function of the current-dollar decline in CETA funds used for stipends. CETA stipends for HRD participants declined from a total of $1.8 million in 1976-77 to $1.3 million in 1980-81.

The decline in CETA contributions probably does not represent a lack of CETA dollars available in the period studied so much as it represents an increased unwillingness on the part of HRD programs to pay full stipends to all participants. Since the EI requires the inclusion of all stipend costs -- whether from HRD or from CETA resources -- a program paying full stipends is at a cost disadvantage when compared to its non-stipended or partially-stipended neighbor. (Some programs pay only transportation and meal allowances to reduce stipend outlays.) And while stipended participants showed higher completion rates than non-stipended trainees, 1980-81 figures indicate that non-stipended participants have the higher earnings increase one year after completion.

The decrease in federal funding over the past five years has not been compensated for by an increase in state spending for HRD. While the state has increased its expenditures for HRD from $2.151 million

in 1976-77 to $2.371 million in 1980-81, the change in absolute dollars actually represents a 17.9 percent decrease when the standard GNP deflator is applied. Using that same deflator, the decrease in federal (CETA) funding amounts to 46.6 percent.

The Efficiency Index -- a relatively inflation-free means of comparing the same program over several years because it measures costs and earnings in the same dollars -- also reflects program improvement.

- In 1975-76, the unadjusted statewide EI was 1.31. That says that in the year following training, the average participant showed an earnings increase equivalent to 1.31 times the cost of his or her training.
- In 1980-81, the unadjusted statewide EI was 2.25.

Despite increasing dramatically over the five-year period, the EI has actually declined slightly over the past two years. More specifically, it has declined in proportion to an increase in state payments for Unemployment Insurance. Not surprisingly, the suggestion is that as unemployment rises, job placement under HRD -- and thus the EI -- suffers.

For these comparisons, the "real" EI has been used. For actual program allocation, as noted earlier, reductions in public assistance are tripled in order to provide greater incentive for enrolling and finding jobs for welfare recipients.

The study suggests that that program goal is being met: HRD programs are enrolling public assistance recipients, and they are reducing both the number of individuals and families on public assistance and the total amount of public assistance received.

- In 1980-81, post-program receipt of public assistance by families of HRD participants dropped from 49.2 percent to 29.6 percent.
- In 1980-81, the average amount of assistance to AFDC recipients fell from $2,514.75 in the year before training to $2,104.95 in the year after training; and the group of 798 people receiving pre-training assistance was, itself, reduced by 31.8 percent.

Recommendations for Further Change

While the program has changed in many ways across the years, the economic climate has changed even more. General conditions for job placement are not as favorable today as they were in 1970.

That is especially true with respect to essentially untrained job seekers. The gradual sophistication of the state's job market has worked increasingly to the disadvantage of the individual without a high school diploma and, more importantly, without a skill in demand today. Increasingly, at a time when training for employment would appear to be most important, CETA programs which have afforded much of that training for the poor are being dismantled.

These conditions suggest that the HRD program in North Carolina should consider further changes, some of them dependent on action at the state policymaking level and some on action at the institutional and program level. At the same time, consideration should be given to a fuller utilization of HRD's potential inside and outside the community college system.

The study recommends these changes at the state level:

- Modify the EI to provide additional credit for placements in vocational training programs. As matters stand now, a skills training placement earns the program credit only at the rate of the hourly minimum wage multiplied by the number of hours of training. The report's finding that training-placed completers show higher earnings increases than job-placed completers three years later suggests -- possibly -- a doubling of credit for vocational training placements.
- Modify the EI to provide credit for GED completion, high school completion, and other academic training placements. Presently, programs get no credit for placements after HRD which lead to GED completion or other academic advancements. Increasing emphasis placed by employers on high school completion suggests that some credit -- although not so much as for skills training placements -- be awarded for placement in academic tracks.
- Increase the portion of HRD funds that are allocated to the programs on the basis of EI performance. Under the current allocation system, one-third of the annual HRD appropriation is divided equally among the institutions for program maintenance; another third is divided according to the relative FTE generated by the

institutions; and the final third is divided among the institutions according to their relative performance as measured by the funding EI. As a result, an individual HRD program can compensate for a poor EI performance simply by enrolling more participants. The recommendation is that a heavier weighting be assigned to the EI and a lesser weighting to FTE in the allocation formula.

- Eliminate or raise the $20,000 ceiling on increases in annual allocations. HRD programs have traditionally been limited to a $20,000 annual increase on the theory that that prevents growth beyond program capacity. Yet last year, 9.1 percent of the statewide HRD appropriation was returned unused by local programs, and several programs turned in EIs that would have merited increases in allocation of more than $20,000.
- Preserve the heavy weighting for public assistance reductions in the EI. The triple weighting incentive for public assistance reductions has succeeded in causing HRD programs to enroll public assistance recipients, to find them jobs, and to help them get off welfare. That encouragement should be continued.
- Standardize procedures for follow-up. The current policy of requiring follow-up only on completers prohibits the comparison of the economic performance of completers versus non-completers -- one of the

most common ways of assessing overall program impact. While annual performance reports treat follow-up data as if they were for completers only, a significant number of local programs conduct follow-up on all program participants. The latter should be standard procedure.

- Develop a series of regional workshops to provide technical assistance to local HRD staffs in improving employer and community relations and to provide institutional administrators with help in understanding the EI. Local programs vary in their success at building relationships with employers and the community at large. In general, however, most programs would benefit from technical assistance in those critical areas. Most institutional administrators are only casually informed about the workings of the EI: If they understood more about how the EI can be used as a tool for program management, they would be better prepared to help their HRD programs improve overall performance.
- Develop a plan to expand the program to some institutions currently not offering HRD. Although two schools have been on a waiting list for the HRD program for several years -- and representatives of two others told interviewers that they would join the list if they had any hope of success -- statewide

funding has not been regarded as adequate to add to the 45 schools now participating in the 58-institution system. Yet a considerable amount of HRD money is being returned unspent each year. Moreover, data in the report and information from other studies tend to show that the state's investment in HRD produces quick dividends in the form of increased revenues collected from participants' enhanced earnings.

The study recommends the following changes at the local level:

- Make the HRD program a visible and integral part of the community college or technical institute. Where the HRD program is housed in a main building of the school, that generally bespeaks a positive attitude toward the program on the part of the school's administration. Where the administration has a positive attitude, the program generally flourishes. HRD tends to succeed, in effect, to the extent that the institution's chief administrator understands it, sympathizes with its goals, and actively supports it on campus and in the community.
- Assign job development as the major responsibility of a person with strong contacts in the employer community. Job development needs to be the major functional responsibility of at least one staff member. Programs which have been successful at job placement generally employ either a full-time job

developer, an exceptionally able and well-connected part-time job developer, or a coordinator with outstanding ties to the employer community.

- Establish strong relationships with local employers. Some programs have drifted away from active job development, claiming students are better off learning how to go out and get jobs by themselves. The most successful programs, however, have found ways of preparing the ground for job seekers. A few programs have located influential people in the employing community and used them to help legitimize HRD with other employers.
- Establish strong relationships with the community at large. Although time-consuming to develop, those relationships can have high payoffs in recruitment and job placement. Most programs target publicity efforts on the population to be served. The ones that also promote HRD with civic clubs, employer groups, and local government agencies in the greater community have fewer problems with program image on and off the campus.
- Reassess the need for stipends. While a higher percentage of stipended participants remain in the program for its full term, a significant percentage of non-stipended participants leave the program early in order to take jobs. And after one year, non-stipended participants in the 1980-81 class were

earning 13 percent more than their stipended counterparts. Programs which have high EIs tend to spend less on stipends and to enroll fewer stipended participants.

- Strengthen linkages between HRD and vocational training programs on and off the campus. Although the primary emphasis of HRD has been, and should continue to be, direct job placement, the study suggests that training-related completers realize greater gains over the long term than do job-placed completers. Many HRD participants will continue to choose jobs over advanced training. They should not be discouraged from that course, but neither should those who wish to continue training find the way blocked.

HRD and the Future

> "HRD could be good for anybody. You or me for instance. Especially good for kids."
> HRD coordinator

Apart from the specific recommendations above, there are two kinds of considerations that the results of the study suggest should be taken into account. The first kind looks at the nexus between the HRD program and the community college system that nurtures it; the second looks outward from the program to other institutions both within and beyond the state.

HRD faces a continuing problem of acceptance within many of its host institutions. While on some campuses the program has been linked with continuing education or vocational training programs, on others it has operated in isolation from the mainstream of college activities. At both the state and local level, natural linkages between HRD and other institutional programs and services have been overlooked or only partially developed. Although the first HRD pilot was financed in part with new and expanding industry funds, for instance, HRD and the expanding industries program now operate in separate divisions of DCC and with separate agendas. HRD's relationship to ABE and other adult education programs is blurred: Clear definitions of who should be enrolled in one program as opposed to the other are not really in place.

At the local level, a variety of opportunities to relate HRD to ongoing activities have been missed. Some schools link HRD to high school completion or GED completion, but most do not because of the disincentive to academic placements built into the EI. Most HRD programs also overlook their host institution's admissions office as a source of referrals.

The opportunity exists for the presidents of local institutions to help make their HRD program have a direct fiscal payoff to the institution. At present, HRD generates FTE-based funding only for itself. But to the extent it is integrated into the institutions, to the extent it guides participants into other program offerings, it can and does contribute to curricular FTE for the institution as a whole. Some presidents have suggested that a portion of the HRD allocation be set aside as a discretionary fund which could be used for

other institutional purposes. Other presidents -- and MDC -- believe that such a step would inevitably weaken or destroy HRD, and suggest instead that consideration be given to increasing the value of curricular FTE earned as a result of participants following HRD with enrollment in vocational programs.

The HRD program should remain a separate activity, aimed at the disadvantaged and at public assistance recipients, and it should be held to that task by the EI. The content and methods of HRD, however, ought not to be ignored as valuable tools for use elsewhere in the college system. The emphasis on motivational and self-awareness factors in HRD has been recognized as being of potential value for everyone, not just for disadvantaged adults. It may, in fact, well be of more value to youth than to any other target group. A number of participating community colleges and technical institutes involved in this study raised that point. At least two institutions have been giving serious consideration to making HRD available to all students. The Department of Community Colleges has also collaborated with the Department of Social Services in making HRD available to participants in the state's workfare demonstrations. Efforts such as those should continue.

At the same time, the potential of HRD-type training offered outside the community college system -- and specifically within the public school system -- should not be overlooked. Many HRD participants are high school dropouts who might have remained in school and obtained their diplomas if they had had access to HRD's motivational and self-awareness lessons at the time. At least one experiment with HRD in

the North Carolina public school system is under way at this writing, and the number of national programs designed to hold potential dropouts in school until they can make the transition to work or to further training continues to multiply.

The HRD program of the North Carolina community college system has much to contribute to those efforts. The twelve-year experience, the continuous trial-and-error process, and the development of innumerable variations on a single theme combine to produce a rich program fabric for sampling. MDC's complete report on the study contains much information that would be useful to others embarked on similar efforts.

The report should be made available to groups, organizations, and institutions around the country who are interested or involved in helping youth or adults to move from school to work, from unemployment to employment, or from either to additional training.

AUG 13 1982

ERIC Clearinghouse for Junior Colleges
96 Powell Library Building
University of California
Los Angeles, California 90024